

# House Study Bill 641 - Introduced

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON SANDS)

## A BILL FOR

1 An Act excluding certain promotional play receipts from the  
2 definition of adjusted gross receipts for purposes of the  
3 wagering tax on gambling games.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 99F.1, Code 2016, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 19A. "*Promotional play receipts*" means  
4 the total sums wagered on gambling games with tokens, chips,  
5 electronic credits, or other forms of cashless wagering  
6 provided by the licensee without an exchange of money as  
7 described in section 99F.9, subsection 3.

8 NEW SUBSECTION. 22. "*Taxable gross receipts*" means  
9 the adjusted gross receipts less promotional play receipts  
10 received after the date in any fiscal year that the commission  
11 determines that the wagering tax imposed pursuant to section  
12 99F.11 on all licensees in that fiscal year on the portion of  
13 adjusted gross receipts representing promotional play receipts  
14 exceeds twenty-five million eight hundred twenty thousand  
15 dollars.

16 Sec. 2. Section 99F.4A, subsection 6, Code 2016, is amended  
17 to read as follows:

18 6. The ~~adjusted~~ taxable gross receipts received from  
19 gambling games shall be taxed at the same rates and the  
20 proceeds distributed in the same manner as provided in section  
21 99F.11.

22 Sec. 3. Section 99F.11, subsection 1, Code 2016, is amended  
23 to read as follows:

24 1. A tax is imposed on the ~~adjusted~~ taxable gross receipts  
25 received each fiscal year from gambling games authorized under  
26 this chapter at the rate of five percent on the first one  
27 million dollars of ~~adjusted~~ taxable gross receipts and at the  
28 rate of ten percent on the next two million dollars of ~~adjusted~~  
29 taxable gross receipts.

30 Sec. 4. Section 99F.11, subsection 2, unnumbered paragraph  
31 1, Code 2016, is amended to read as follows:

32 The tax rate imposed each fiscal year on any amount of  
33 ~~adjusted~~ taxable gross receipts over three million dollars  
34 shall be as follows:

35 Sec. 5. Section 99F.11, subsection 2, paragraph b,

1 subparagraph (2), Code 2016, is amended to read as follows:

2     (2) If the licensee of the racetrack enclosure has been  
3 issued a table games license during the fiscal year or prior  
4 fiscal year and the adjusted gross receipts from gambling games  
5 of the licensee in the prior fiscal year were one hundred  
6 million dollars or more, twenty-two percent on adjusted taxable  
7 gross receipts received prior to the operational date and  
8 twenty-four percent on adjusted taxable gross receipts received  
9 on or after the operational date. For purposes of this  
10 subparagraph, the operational date is the date the commission  
11 determines table games became operational at the racetrack  
12 enclosure.

13     Sec. 6. Section 99F.11, subsection 3, paragraphs a, b, and  
14 c, Code 2016, are amended to read as follows:

15     a. If the gambling excursion originated at a dock located  
16 in a city, one-half of one percent of the adjusted taxable  
17 gross receipts shall be remitted to the treasurer of the city  
18 in which the dock is located and shall be deposited in the  
19 general fund of the city. Another one-half of one percent of  
20 the adjusted taxable gross receipts shall be remitted to the  
21 treasurer of the county in which the dock is located and shall  
22 be deposited in the general fund of the county.

23     b. If the gambling excursion originated at a dock located  
24 in a part of the county outside a city, one-half of one percent  
25 of the adjusted taxable gross receipts shall be remitted to  
26 the treasurer of the county in which the dock is located and  
27 shall be deposited in the general fund of the county. Another  
28 one-half of one percent of the adjusted taxable gross receipts  
29 shall be remitted to the treasurer of the Iowa city nearest to  
30 where the dock is located and shall be deposited in the general  
31 fund of the city.

32     c. Eight-tenths of one percent of the adjusted taxable gross  
33 receipts ~~tax~~ shall be deposited in the county endowment fund  
34 created in [section 15E.311](#).

35     Sec. 7. Section 99F.11, subsection 3, paragraph d,

1 unnumbered paragraph 1, Code 2016, is amended to read as  
2 follows:

3 Two-tenths of one percent of the ~~adjusted~~ taxable gross  
4 receipts ~~tax~~ shall be allocated each fiscal year as follows:

5 Sec. 8. Section 99F.11, subsection 3, paragraph e, Code  
6 2016, is amended to read as follows:

7 e. The remaining amount of the ~~adjusted~~ taxable gross  
8 receipts tax shall be credited as provided in section 8.57,  
9 subsection 5.

10 EXPLANATION

11 The inclusion of this explanation does not constitute agreement with  
12 the explanation's substance by the members of the general assembly.

13 This bill concerns wagering taxes on gambling game receipts  
14 as provided in Code chapter 99F.

15 Code section 99F.1 is amended by adding two new definitions.  
16 "Promotional play receipts" is defined as the total sums  
17 wagered on gambling games with tokens, chips, electronic  
18 credits, or other forms of cashless wagering provided by  
19 a licensee without an exchange of money. "Taxable gross  
20 receipts" is defined as adjusted gross receipts less  
21 promotional play receipts received after the date in any  
22 fiscal year that the wagering tax on the portion of adjusted  
23 gross receipts representing promotional play receipts exceeds  
24 \$25,820,000.

25 Code section 99F.11, providing for the wagering tax, is  
26 amended to provide that the wagering tax is calculated on the  
27 taxable gross receipts of a gambling game licensee instead of  
28 the adjusted gross receipts.